



U.S. Department of Justice

*United States Attorney
Eastern District of California*

*McGregor W. Scott
United States Attorney*

*501 I Street, Suite 10-100
Sacramento, California 95814*

*916/554-2700
Fax 916/554-2900*

FOR IMMEDIATE RELEASE
February 25, 2005

*Contact: Mary Wenger, 916-554-2730
Available at: www.usdoj.gov/usao/cae/home*

**FORMER OFFICE OF THE LIEUTENANT GOVERNOR
FISCAL OFFICER SENTENCED FOR EMBEZZLING STATE FUNDS**

Office of the Lieutenant Governor Defrauded out of More than \$65,000

SACRAMENTO--United States Attorney McGregor W. Scott and Commissioner Michael Brown, of the California Highway Patrol, announced today that MICHAEL KEOLANUI, 34, of Sacramento, California, was sentenced to 3 months prison and 3 months home detention. He was also ordered to pay restitution for his criminal activity. The defendant previously pleaded guilty to embezzling more than \$65,470.75 from the Office of Lieutenant Governor in Sacramento, California, by misusing his State of California credit card ("Cal Card") and forging office checks to pay for unauthorized personal expenses.

This case was investigated by the California Highway Patrol, Office of Capitol Protection.

According to Assistant United States Attorney Robin R. Taylor, who is prosecuting the case, KEOLANUI, formerly the fiscal officer for the Lieutenant governor, admitted that from in or about July 17, 2002, through approximately March 31, 2004, he misused his Cal Card to make personal expenses, including, but not limited to, expenses for gas, restaurants, a down payment on a Nissan 350 Z automobile, and trips to Hawaii, which he did not intend to pay with personal funds. To pay for these expenses, KEOLANUI completed, signed, and submitted approximately

nineteen Claim Schedule reimbursement requests to the State Controller's Office falsely representing that the certain unauthorized personal charges were for legitimate government expenses. He concealed the fraud from the Office of Lieutenant Governor, Office of the State Controller, and others, by failing to submit receipts and or his itemized credit card statements for the personal expenses.

To pay for these expenses, KEOLANUI forged at least two checks, one dated September 30, 2003, in the amount of \$20,395.57, and another dated January 5, 2004, in the amount of \$33,327.18, each made payable to U.S. Bank and drawn on the Office of the Lieutenant Governor's revolving account, which would be reimbursed by the Office of the State Controller. KEOLANUI forged additional checks in the amount of approximately \$11,748, which he cashed without his employer's permission. As a result of his fraud, he caused losses of more than \$65,470.75.

###